

Message Text

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ACTION AF-10

INFO OCT-01 ISO-00 SS-15 IO-13 EB-08 TRSE-00 OMB-01

FRB-03 XMB-02 AID-05 PM-05 NSC-05 SP-02 L-03

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FM AMEMBASSY LUSAKA

TO SECSTATE WASHDC PRIORITY 8033

LIMITED OFFICIAL USE SECTION 1 OF 2 LUSAKA 1090

FOR UNDERSECRETARY COOPER AND ASST. SECRETARIES MAYNES (IO)
AND KATZ (EB) FROM DAS FRANK

E.O. 11652: N/A

TAGS: ETRD EPAP UNCTAD GATT MTN CM US

SUBJ: DAS FRANK TALKS WITH CAMEROON FOREIGN MINISTER AND
MINISTER OF FINANCE

REF: KINSHASA 2920

1. SUMMARY: DURING WEST AND CENTRAL AFRICA COM ECONOMIC SEMINAR, DEPUTY ASSISTANT SECRETARY FRANK HAD OPPORTUNITY TO EXCHANGE VIEWS WITH FONMIN KEUTCHA AND MIN OF FINANCE YONDO ON INTERNATIONAL ECONOMIC ISSUES, INCLUDING COMMON FUND, MTN, ILLICIT PAYMENTS TREATY AND UN COMMITTEE OF THE WHOLE FOR NORTH-SOUTH DIALOGUE. ACTION REQUESTED: IN RESPONSE TO GURC REQUEST, PLEASE POUCH COPIES OF U.S. PROPOSALS FOR AN ILLICIT PAYMENTS TREATY AND LATEST U.S. VIEWS ON RESUMPTION OF COMMON FUND NEGOTIATIONS FOR TRANSMITTAL TO MIN OF FINANCE. (SEE REFTEL FOR PROPOSED VERSION OF LATTER.) END SUMMARY.

2. IN COMPANY OF AMB AND DCM, DAS FRANK HAD ONE HOUR CONVERSATION WITH FONMIN KEUTCHA AND TWO AND A QUARTER HOURS
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INTERVIEW WITH FINMIN YONDO. BOTH CONVERSATIONS PROVIDED OCCASION FOR DAS FRANK TO COVER ALL POINTS MENTIONED IN SUMMARY, ALTHOUGH IN MUCH GREATER DETAIL WITH YONDO. MEETING WITH KEUTCHA LARGELY PRO-FORMA, BUT PROVIDED USEFUL OPPORTUNITY TO EXPLAIN OUR POSITIONS ON THESE SUBJECTS TO HENRY FOSSUNG, DEPDIR INT'L ORGANIZATIONS AND VICENT OWONA, DEP DIR EUROPEAN, AMERICAN AND ASIAN AFFAIRS, BOTH OF WHOM ARE EMBASSY'S WORKING LEVEL CONTACTS

ON THESE SUBJECTS. FONMIN WELCOMED OPPORTUNITY TO ENGAGE IN DIALOGUE ON NORTH-SOUTH ISSUES AND FELT IT WAS VERY IMPORTANT THAT U.S. EXPLAIN ITS POSITION ON UP-COMING NEGOTIATIONS AND HO. FAR IT IS PREPARED TO GO IN MEETING DEMANDS OF DEVELOPING COUNTRIES. KEUTCHA WAS PARTICULARLY INTERESTED IN THE MTN AND REQUESTED HIS SUBORDINATES TO TAKE CAREFUL NOTE OF THE PROCEDURES REQUIRED ON THREE TYPES OF TARIFF NEGOTIATIONS TAKING PLACE (INDUSTRIAL, TROPICAL AND AGRICULTURAL PRODUCTS). HE WAS PLEASED TO LEARN THAT CAMEROON WAS PRINCIPAL SUPPLIER TO U.S. OF TWO AGRICULTURAL PRODUCTS: WRAPPER TOBACCO WITHOUT STEMS (TUSU 170.10) AND FILLER TOBACCO MIXED WITH WRAPPER (TSUS 170.20) AND THAT IF THEY MADE NO REQUEST FOR A TARIFF REDUCTION, NONE WOULD BE OFFERED. THE FONMIN ASKED THAT CAMEROOIAN EMBASSY BRUSSELS BE INFORMED SINCE THEY ARE RESPONSIBLE FOR GENEVA NEGOTIATIONS.

3. CONVERSATION WITH MIN OF FIN YONDO, WHO LED CAMEROON DELEGATION TO CIEC, WAS MUCH MORE DETAILED. FRANK MADE A PRESENTATION OF U.S. VIEWS ON COMMON FUND ALONG LINES OF REFTEL. YONDO ASKED IF ALL COMMODITY AGREEMENTS HAD TO BE NEGOTIATED BEFORE ESTABLISHING COMMON FUND. DAS FRANK RESPONDED THAT HE THOUGHT THAT IT WOULD BE POSSIBLE TO START A COMMON FUND WITH A FEW AGREEMENTS AND OTHER COULD BE ADDED AS AGREEMENTS REACHED. YONDO COMMENTED THAT A MAJOR CONCERN OF G-77 WAS THAT ESTABLISHMENT OF COMMON FUND AFTER COMMODITY AGREEMENTS WOULD TAKE A LONG TIME, AND HE FELT PRESENT U.S. POSITION REPRESENTED PROGRESS.

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YONDO WONDERED IF U.S. WILLING MAKE CONTRIBUTION TO GET FUND STARTED (HE MENTIONED \$6 MILLION, WHICH SEEMED QUITE LOW). FRANK SAID U.S. WILLING CONSIDER CONTRIBUTION, DEPENDING ON USES. IT MIGHT BE POSSIBLE TO CONTRIBUTE TO ADMINISTRATIVE COSTS. FRANK ALSO SAID HE THOUGHT IT IMPORTANT THAT COMMON FUND ESTABLISH CREDIT WORTHINESS IN ORDER TO BORROW ON PRIVATE MARKET. YONDO POINTED OUT THAT EXISTING INTERNATIONAL FINANCIAL INSTITUTIONS (IFIS) DO NOT HAVE UNLIMITED RESOURCES AND THEREFORE NOT PRESENTLY STRUCTURED TO TAKE OVER FUNCTIONS PROPOSED FOR SECOND WINDOW. HE SAID THAT THE AFRICAN DEVELOPMENT BANK PLANNED TO MEET IN LIBREVILLE TO DISCUSS MOBILIZATION OF RESOURCES. FRANK SAID USG ALSO INTERESTED IN INCREASING ITS CONTRIBUTIONS TO IFI'S AND WAS REQUESTING INCREASE FROM \$2 BILLION IN 1977 TO \$5 BILLION IN 79. TO ADD SECOND WINDOW WOULD ONLY HURT OUR CHANCES WITH CONGRESS IN GAINING AUGMENTED CONTRIBUTIONS IT IFI'S.

4. YONDO INDICATED HE MUST DISCUSS QUESTIONS OF COMMON FUND WITH HIS COLLEAGUES IN ECONOMY AND PLAN, FOREIGN MINISTRY AND G-77 BEFORE GIVING OFFICIAL RESPONSE. HE SAID IT WOULD BE MOST USEFUL FOR THIS PURPOSE IF U.S. COULD GIVE HIM A PAPER PRESENTING OUR VIEWS ON RESUMPTION OF COMMON FUND NEGOTIATIONS. HE SAID

WE COULD NOT HAVE AN INTEGRATED COMMODITY PROGRAM WITHOUT A COMMON FUND (CF). AT PARIS THERE WAS COMMON DESIRE TO SET UP CF, BUT PROBLEMS EMERGED AT GENEVA MEETING ON CF. HE PLEASSED U.S. THINKING STILL EVOLVING AND BELIEVES CONTINUING DIALOGUE SUCH AS THIS ONE BEST METHOD FOR ARRIVING AT AGREEMENT. HE APPEALED DAS FRANK TO TALK TO MEMBERS OF CONGRESS ABOUT PROBLEMS OF DEVELOPING COUNTRIES AND ASK FOR UNDERSTANDING.

5. WHEN ASKED AS TO WHEN DISCUSSIONS COMMON FUND AND N/S ISSUES WILL TAKE PLACE WITHIN AFRICAN GROUP OR G-77, YONDO OBSERVED THAT FIRST OPPORTUNITY WOULD BE GROUP OF 24 MEETING IN CONJUNCTIONS WITH IMF/IBRD DEVELOPMENT COMMITTEE IN MEXICO CITY APRIL 27-28, THEN JULY IN ABIDJAN AT AFRICAN DEVELOPMENT BANK MEETING AND FINALLY AT SEPT IMF WASHINGTON MEETING. (COMMENT: LIMITED OFFICIAL USE

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YONDO DID NOT MENTION OAU SUMMIT SCHEDULED FOR JULY IN KHARTOUM. ISSUE ALMOST CERTAIN TO BE RAISED THERE).

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FM AMEMBASSY LUSAKA
TO SECSTATE WASHDC PRIORITY 8034

LIMITED OFFICIAL USE SECTION 2 OF 2 LUSAKA 1090

FOR UNDERSECRETARY COOPER AND ASST. SECRETARIES MAYNES (IO)
AND KATZ (EB) FROM DAS FRANK

6. ON COCOA AGREEMENT, YONDO SAID IT WOULD BE GREAT ADVANCE IF U.S. COULD JOIN, ESPECIALLY FROM BUDGETARY POINT OF VIEW.

HE WAS HAPPY TO LEARN U.S. WILLING ENTER NEGOTIATIONS. HE WISHED PURSUE MTN THROUGH CAMEROON BRUSSELS EMBASSY. HE ALSO WISHED HAVE TEXT OF PROPOSED U.S. ILLICIT PAYMENTS TREATY.

7. DISCUSSION THEN CENTERED AROUND COMPARTMENTALIZATION OF CAMEROONIAN PARTICIPATION IN NORTHSOUTH ISSUES. YONDO LED CAMEROON CIEC DELEGATION AND IS PRESIDENT IBRD-IMF AFRICAN GROUP. HOWEVER, MINISTER ECONOMY AND PLAN RESPONSIBLE FOR UNCTAD AND MINISTRY FOREIGN AFFAIRS PARTICIPATES NON-ALIGNED MOVEMENT. YONDO ADMITTED THAT OVER COMPARTMENTALIZATION PUTS CAMEROON AND OTHER MODERATE COUNTRIES AT DISADVANTAGE VIS-A-VIS RADICAL COUNTRIES WITH INTEGRATED A DELEGATIONS ATTENDING ALL MEETINGS. RADICALS OFTEN BETTER PREPARED TO RAM THROUGH EXTREME PROPOSALS WHICH, WHEN ADOPTED BY G-77 IN CAUCUS, BECOME BINDING POSITIONS IN CONFERENCE DISCUSSIONS. CONFERENCE RESULTS ARE THUS OFTEN DOOMED TO FAILURE FROM THE START DUE TO LACK OF ROOM TO NEGOTIATE. YONDO ADMITTED MODERATES NEEDED TO BETTER ORGANIZE THEIR REPRESENTATION IN THESE MEETINGS.
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8. YONDO INQUIRED ABOUT THE FIRST MEETING OF THE CIEC AGREED UPON DECADE OF TRANSPORT UN SECTY GEN SUPPOSED TO SCHEDULE MEETING TO BE HELD IN AFRICA. DAS SAID THIS WOULD BE APPROPRIATE SUBJECT TO BRING UP AT FIRST MEETING OF THE COMMITTEE OF THE WHOLE FOR NORTH-SOUTH DIALOGUE SCHEDULED NEW YORK IN MAY. DAS SAID U.S. ATTACHED GREAT IMPORTANCE TO MEETING AND HOPED THAT COMMITTEE OF WHOLE WOULD PROVIDE SAME TYPE OF FORUM AS CIEC TO CARRY ON DIALOGUE. YONDO OBSERVED THAT REDUCTION OF GAP BETWEEN RICH AND POOR IS LONG PROCESS AND DIALOGUE NECESSARY TO BRING THIS ABOUT.

9. EMBASSY YAOUNDE COMMENT: VISIT PROVIDED EXCELLENT OPPORTUNITY DAS TO CONVEY DIRECTLY HIS VIEWS ON NORTH-SOUTH DIALOGUE. WE BELIEVE AT LEAST IN CASE OF CAMEROON (AND SUSPECT THIS IS ALSO TRUE OF OTHER MODERATE LDC GOVERNMENTS) THAT GURC IS WILLING TO ENTER INTO NON-POLEMICAL DIALOGUE ON NORTH-SOUTH ISSUES. MOREOVER, GURC POSITION IS FLEXIBLE, AND IT IS WILLING TO MAKE CONCESSIONS. IT IS EVEN POSSIBLE THAT GURC COULD BE OF SIGNIFICANT ASSISTANCE TO U.S. IN G-77 CAUCUSES IF IT WERE MADE AWARE WELL IN ADVANCE OF OUR POSITIONS. FOR THE PRESENT IT IS CLEAR THAT GURC WOULD WELCOME MORE INFORMATION IN ORDER TO BETTER PREPARE ITSELF FOR UP-COMING INTERNATIONAL MEETINGS. IT WAS VIRTUALLY UNAWARE OF OPPORTUNITIES MTN NEGOTIATIONS. OUR INFO THIS SUBJECT HAS BEEN LARGELY LIMITED TO INDUSTRIAL PRODUCTS AND NON-TARIFF REDUCTIONS. EMBASSY WOULD APPRECIATE ANY ADDITIONAL INFO ON OTHER AREAS SUCH AS TROPICAL AND AGRICULTURE PRODUCTS WHERE GURC MIGHT BENEFIT FROM TARIFF REDUCTIONS. WE WOULD ALSO APPRECIATE DRAFT TEXT ILLICIT PAYMENTS TREATY AND BRIEFING MATERIALS ON COMMON FUND, AS WELL AS ANY

ADDITIONAL MATERIALS DEPARTMENT MIGHT BELIEVE USEFUL TO BETTER
INFORM HOST GOVERNMENT ON USG POSITIONS. FRENCH TEXTS WOULD
BE HELPFUL. LOW
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